

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH

CSA No. 793 of 2017

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Amalgamation between JM Financial Institutional Securities Limited ('the First Transferor Company) and JM Financial Investment Managers Limited ('the Second Transferor Company') and JM Financial Limited ('the Transferee Company') And Their Respective Shareholders

JM Financial Institutional Securities Limited.....First Applicant Company
(First Transferor Company)

AND

JM Financial Investment Managers LimitedSecond Applicant Company
(Second Transferor Company)

AND

JM Financial Limited Third Applicant Company
(Transferee Company)

Order delivered on 02nd August, 2017

Coram:

Hon'ble **B.S.V. Prakash Kumar**, Member (J)
Hon'ble **V .Nallasenapathy Hon'ble**, Member (T)

For the Petitioner(s): Mr. Hemant Sethi i/b Hemant Sethi & Co. Advocates for Applicants
Per: **B.S.V. Prakash Kumar, Member (J)**

Order

1. The Counsel for the Applicants states that the present Scheme is a Scheme of Amalgamation between JM Financial Institutional Securities Limited ('the First Transferor Company) and JM Financial Investment Managers Limited ('the Second Transferor Company') and JM Financial Limited ('the Transferee Company') And Their Respective Shareholders.

2. The Counsel for the Applicants further submits that the First Applicant Company presently provides merchant banking services including advisory services for capital market transactions, raising of capital, mergers, acquisitions, restructuring, financial advisory and private equity advisory to corporates in the domestic and international markets. The First Applicant Company also provides research and analysis based stock broking services to both domestic and offshore institutional clients. The Second Applicant Company is engaged in the business of private equity fund management. The Third Applicant Company is a Core Investment Company registered with the Reserve Bank of India having investments in subsidiary and associate companies.
3. JM Financial Group is a pioneer in rendering services in the areas of Merchant Banking, Institutional Equities, Asset Management/ Broking, NBFC, Asset Reconstruction amongst others. Its flagship company, JM Financial Limited is a Core Investment Company (CIC) under the RBI Regulations.

The key management team of JM Financial Limited overlooks strategic and management decisions, as a part of group restructuring exercise to streamline the business operations and to bring administrative synergies, it is proposed to merge JM Financial Investment Managers Limited & JM Financial Institutional Securities Limited (post demerger of Institutional Equities Division) into JM Financial Limited. This would increase the underwriting capability of JM Financial Limited and yield synergies and operating efficiencies including elimination of multiplicity of corporate functions such as controllers, compliance, human resources, etc.

Keeping in view the provisions of Section 230 of the Companies Act, 2013, directions are issued in relation to the calling, convening and holding of meeting of shareholders of the First Applicant Company, the Second Applicant Company and the Third Applicant Company as follows:

4. That the meeting of the Shareholders of the First Applicant Company be convened and held at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 on September 25, 2017 at 12:30 PM for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Amalgamation between the First Applicant Company and the Second Applicant Company and the Third Applicant Company and their respective Shareholders.

5. That the meeting of the Shareholders of the Second Applicant Company be convened and held at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 on September 25, 2017 at 12:00 Noon for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Amalgamation between the First Applicant Company and the Second Applicant Company and the Third Applicant Company and their respective Shareholders.
6. That the meeting of the Shareholders of the Third Applicant Company be convened and held at P.L. Deshpande Mini Theatre, Ravindra Natya Mandir, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025 on September 25, 2017 at 4:00 PM for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Amalgamation between the First Applicant Company and the Second Applicant Company and the Third Applicant Company and their respective Shareholders.
7. That at least one month before the said meetings of the Shareholders of the First, the Second and Third Applicant Companies to be held as aforesaid, a notice convening the said, meeting at the place date and time as aforesaid, together with a copy of the Scheme of Amalgamation, a copy of the statement disclosing all material facts as required under Section 230(3) of the Companies Act 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 notified on 14th December 2016 and the prescribed Form of Proxy, shall be sent by Courier / Registered Post / Speed Post or through Email (to those Shareholders whose email addresses are duly registered with the First, the Second and the Third Applicant Companies for the purpose of receiving such notices by email), addressed to each of the Shareholders of the First, the Second and the Third Applicant Companies, at their last known addresses or email addresses as per the records of the First, the Second and the Third Applicant Companies respectively.
8. That at least one month before the meetings of the Shareholders of the First, the Second and the Third Applicant Companies to be held as aforesaid, a notice convening the said meetings, indicating the place, date and time of meeting as aforesaid be published and stating that copies of the Scheme of Amalgamation and the statement required to be furnished pursuant to Section 230(3) of the Companies Act 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the Form of Proxy can be obtained free of charge at the registered offices of the First, the Second and the Third Applicant Companies

as aforesaid and / or at the office of their Advocates, M/s Hemant Sethi & Co., 1602 Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai – 400071.

9. That the notice of the meetings shall be advertised in two local newspapers viz. “Free Press Journal” in English and “Navshakti” in Marathi, both circulated in Mumbai not less than 30 days before the date fixed for the meeting.
10. That Mr. Nimesh Kampani, Director of the First Applicant Company, and failing him, Mr. Vishal Kampani, Director of the First Applicant Company and failing him, Ms. Dipti Neelakantan, Director of the First Applicant Company shall be the Chairman of the aforesaid meeting of the Shareholders of the First Applicant Company to be held at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 on September 25, 2017 at 12:30 PM or any adjournment or adjournments thereof.
11. That Mr. Vishal Kampani, Director of the Second Applicant Company, and failing him, Ms. Dipti Neelakantan, Director of the Second Applicant Company, and failing her, Mr. Manish Sheth, Director of the Second Applicant Company shall be the Chairman of the aforesaid meeting of the Shareholders of the Second Applicant Company to be held at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 on September 25, 2017 at 12:00 Noon or any adjournment or adjournments thereof.
12. That Mr. Nimesh Kampani, Director of the Third Applicant Company, and failing him, Mr. Darius E Udwardia, Director of the Third Applicant Company, and failing him, Mr. Vishal Kampani, Director of the Third Applicant Company shall be the Chairman of the aforesaid meeting of the Shareholders of the Third Applicant Company to be held at P.L. Deshpande Mini Theatre, Ravindra Natya Mandir, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025 on September 25, 2017 at 4:00 PM or any adjournment or adjournments thereof.
13. That the Chairmen appointed for the aforesaid meetings to issue the advertisement and send out the notices of the meetings referred to above shall have all powers as per the Articles of Association of the First, the Second and the Third Applicant Companies respectively and also under the Companies Act, 2013 in relation to the conduct of the meetings, including for deciding procedural questions that may arise or at any adjournment thereof or resolution, if any, proposed at the meetings by any person(s).

14. That the quorum of the aforesaid meetings of the Shareholders shall be as prescribed under Section 103 of the Companies Act, 2013.
15. That voting by proxy or authorized representative in case of body corporate be permitted, provided that a proxy in the prescribed form / authorization duly signed by the person entitled to attend and vote at the meetings, are filed with the First, the Second and the Third Applicant Companies at their Registered Office at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025, not later than 48 hours before the aforesaid meeting, as per the provisions of the Companies (Compromises, Arrangements and Amalgamations) Rules 2016.
16. That the value and number of the shares of each Shareholder shall be in accordance with the books / registers of the First, the Second and the Third Applicant Companies or depository records and where the entries in the books / register / depository records are disputed, the Chairmen of the meetings shall determine the value for the purpose of the aforesaid meetings and his decision in that behalf would be final.
17. That Ms. Jayshree Dagli & Associates, Practicing Company Secretary (Membership Number: 1451 & Certificate of Practice: 487), is hereby appointed as Scrutinizer of the meetings of the Shareholders of the First and the Second Applicant Companies proposed to be held on September 25, 2017 at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 and for the meeting of the Shareholders of the Third Applicant Company proposed to be held on September 25, 2017 at P.L. Deshpande Mini Theatre, Ravindra Natya Mandir, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025.
18. That the Chairmen of each of the aforesaid meetings shall file an affidavit not less than seven (7) days before the date fixed for the holding of the respective meetings and to report to this Tribunal that the directions regarding the issue of notices and the advertisement have been duly complied with as per Rule 12 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
19. That the Chairmen of each of the aforesaid meetings to report to this Tribunal, the results of the aforesaid meetings within thirty days of the conclusion of the meetings.
20. The First Applicant Company is directed to serve notices along with copy of the Scheme of Amalgamation upon:- (i) concerned Income Tax Authority with in

- whose jurisdiction the First Applicant Company's assessments are made, (ii) the Central Government through the office of Regional Director, Western region, Mumbai, (iii) Registrar of Companies, Maharashtra, with a direction that they may submit their representations, if any, within a period of thirty days from the date of receipt of such notice to the Tribunal with copy of such representations shall simultaneously be served upon the First Applicant Company, failing which, it shall be presumed that the authorities have no representations to make on the proposals.
21. The Second Applicant Company is directed to serve notices along with copy of Scheme of Amalgamation upon:- (i) concerned Income Tax Authority within whose jurisdiction the Second Applicant Company's assessments are made, (ii) the Central Government through the office of Regional Director, Western region, Mumbai, (iii) Registrar of Companies, Mumbai, with a direction that they may submit their representations, if any, within a period of thirty days from the date of receipt of such notice to the Tribunal with copy of such representations simultaneously be served upon the Second Applicant Company, failing which, it shall be presumed that the authorities have no representations to make on the proposals.
22. The Third Applicant Company is directed to serve notices along with copy of Scheme of Amalgamation upon:- (i) concerned Income Tax Authority within whose jurisdiction the Third Applicant Company's assessments are made, (ii) the Central Government through the office of Regional Director, Western region, Mumbai, (iii) Registrar of Companies, Mumbai, (iv) Securities Exchange Board of India, (v) BSE Limited and (vi) National Stock Exchange of India Limited with a direction that they may submit their representations, if any, within a period of thirty days from the date of receipt of such notice to the Tribunal with copy of such representations simultaneously be served upon the Third Applicant Company, failing which, it shall be presumed that the authorities have no representations to make on the proposals.
23. The First and the Second Applicant Companies are directed to serve notice along with copy of Scheme of Amalgamation upon Official Liquidator. M/s. Dinesh Gandhi & Associates, are appointed to assist the Official Liquidator to scrutinize books of accounts of the First and the Second Applicant Companies for the last 5 years. The aforesaid Companies to pay fees of Rs, 2,00,000/- for this purpose. Official Liquidator may submit his representations, if any within a period of 30 days from the date of notice of receipt of such notice to the Tribunal with a copy served

to the Third Applicant Company, failing which it shall be presumed that Official Liquidator has no representations/ objections to make.

24. The Counsel for the First, the Second and the Third Applicant Companies further submits that since the Scheme is an arrangement between the Applicant Companies and their respective shareholders, only a meeting of the Equity Shareholders is proposed to be held in accordance with the provisions of Section 230(1)(b) of the Companies Act 2013. This Bench hereby directs the First, the Second and the Third Applicant Company to issue notice to all its Secured and Unsecured Creditors to whom the amounts are due and payable as required under Section 230(3) of the Companies Act, 2013 with a direction that they may submit their representations, if any, to the Tribunal and copy of such representations shall simultaneously be served upon the Applicant Company.
25. The First, the Second and the Third Applicant Companies to file affidavit of service in the registry proving dispatch of notices to the Shareholders, creditors, publication of notices in newspapers and to the regulatory authorities as stated in clauses 20 to 22 above and do report to this Tribunal that the directions regarding the issue of notices have been duly complied with.

Sd/-

V. Nallasenapathy, Member (T)

Sd/-

B.S.V. Prakash Kumar, Member (J)